

Please refer to the KHESLC Revenue Bond Resolution disclaimer at http://www.studentloanpeople.com/investor_relations.html

ANNUAL FINANCIAL INFORMATION DATED AS OF MARCH 14, 2008 SUBMITTED BY THE KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION PURSUANT TO RULE 15c2-12 UNDER THE SECURITIES EXCHANGE ACT OF 1934 AND TO THE CONTINUING DISCLOSURE AGREEMENT DATED: (I.) AUGUST 12, 2004, RELATIVE TO ITS STUDENT LOAN REVENUE BONDS, SERIES 2004-A-1 (CUSIP: 49130NAU3), SERIES 2004-A-2 (CUSIP: 49130NAV1), SERIES 2004-A-3 (CUSIP: 49130NAW9), SERIES 2004-A-4 (CUSIP: 49130NAX7), SERIES 2004-A-5 (CUSIP: 49130NAY5) AND SERIES 2004-B-1 (CUSIP: 49130NAZ2); AND (II.) DECEMBER 16, 2004, RELATIVE TO ITS STUDENT LOAN REVENUE BONDS, SERIES 2004A-6 (CUSIP: 49130NBA6); AND (III.) SEPTEMBER 9, 2005, RELATIVE TO ITS STUDENT LOAN REVENUE BONDS, SERIES 2005A-1 (CUSIP: 49130NBB4), SERIES 2005A-2 (CUSIP: 49130NBC2), SERIES 2005A-3 (CUSIP: 49130NBD0), SERIES 2005B-1 (CUSIP: 49130NBJ7); AND (IV.) OCTOBER 20, 2005, RELATIVE TO ITS STUDENT LOAN REVENUE BONDS, SERIES 2005A-4 (CUSIP: 49130NBE8), SERIES 2005A-5 (CUSIP: 49130NBF5); AND (V.) DECEMBER 22, 2005, RELATIVE TO ITS STUDENT LOAN REVENUE BONDS, SERIES 2005A-6 (CUSIP: 49130NBG3), SERIES 2005A-7 (CUSIP: 49130NBH1); AND (VI.) AUGUST 17, 2006, RELATIVE TO ITS STUDENT LOAN REVENUE BONDS, SERIES 2006A-1 (CUSIP: 49130NBK4), SERIES 2006A-2 (CUSIP: 49130NBL2), SERIES 2006B-1 (CUSIP: 49130NBQ1); AND (VII.) SEPTEMBER 19, 2006, RELATIVE TO ITS STUDENT LOAN REVENUE BONDS, SERIES 2006A-3 (CUSIP: 49130NBM0); AND (VIII.) DECEMBER 7, 2006, RELATIVE TO ITS STUDENT LOAN REVENUE BONDS, SERIES 2006A-5 (CUSIP: 49130NBP3); AND (IX) JANUARY 4, 2007, RELATIVE TO ITS STUDENT LOAN REVENUE BONDS, 2006A-4 (CUSIP: 49130NBN8); AND (X) AUGUST 30, 2007, RELATIVE TO ITS STUDENT LOAN REVENUE BONDS, 2007A-1 (CUSIP: 49130NBR9), SERIES 2007A-2 (CUSIP: 49130NBS7), SERIES 2007B-1 (CUSIP: 49130NBW8).

**KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION
2004 MASTER INDENTURE**

- I. \$18,850,000 Student Loan Revenue Bonds, Senior Series 2004-A-1
 \$57,550,000 Student Loan Revenue Bonds, Senior Series 2004-A-2
 \$57,600,000 Student Loan Revenue Bonds, Senior Series 2004-A-3
 \$57,600,000 Student Loan Revenue Bonds, Senior Series 2004-A-4
 \$72,400,000 Student Loan Revenue Bonds, Senior Series 2004-A-5
 \$11,000,000 Student Loan Revenue Bonds, Subordinate Series 2004-B-1**

**Official Statement dated August 11, 2004
Bond Delivery Date: August 12, 2004**

- II. \$75,000,000 Student Loan Revenue Bonds, Senior Series 2004-A-6**

**Official Statement dated December 14, 2004
Bond Delivery Date: December 16, 2004**

- III. \$80,000,000 Student Loan Revenue Bonds, Senior Series 2005A-1
 \$45,000,000 Student Loan Revenue Bonds, Senior Series 2005A-2
 \$45,000,000 Student Loan Revenue Bonds, Senior Series 2005A-3**

\$20,000,000 Student Loan Revenue Bonds, Subordinate Series 2005B-1

Official Statement dated August 26, 2005

Bond Delivery Date: September 9, 2005

- IV. \$70,000,000 Student Loan Revenue Bonds, Senior Series 2005A-4
\$50,000,000 Student Loan Revenue Bonds, Senior Series 2005A-5**

Official Statement dated August 26, 2005

Bond Delivery Date: October 20, 2005

- V. \$40,000,000 Student Loan Revenue Bonds, Senior Series 2005A-6
\$50,000,000 Student Loan Revenue Bonds, Senior Series 2005A-7**

Official Statement dated August 26, 2005

Bond Delivery Date: December 22, 2005

- VI. \$28,175,000 Student Loan Revenue Bonds, Senior Series 2006A-1
\$42,875,000 Student Loan Revenue Bonds, Senior Series 2006A-2
\$29,000,000 Student Loan Revenue Bonds, Subordinate Series 2006B-1**

Official Statement dated August 7, 2006

Bond Delivery Date: August 17, 2006

- VII. \$100,000,000 Student Loan Revenue Bonds, Senior Series 2006-A-3**

Official Statement dated August 7, 2006

Bond Delivery Date: September 19, 2006

- VIII. \$90,000,000 Student Loan Revenue Bonds, Senior Series 2006-A-5**

Official Statement dated August 7, 2006

Bond Delivery Date: December 7, 2006

- IX. \$60,000,000 Student Loan Revenue Bonds, Senior Series 2006-A-4**

Official Statement dated August 7, 2006

Bond Delivery Date: January 4, 2007

- X. \$42,925,000 Student Loan Revenue Bonds, Senior Series 2007-A-1
\$37,075,000 Student Loan Revenue Bonds, Senior Series 2007-A-2
\$20,000,000 Student Loan Revenue Bonds, Subordinate Series 2007-B-1**

Official Statement dated August 24, 2007

Bond Delivery Date: August 30, 2007

ANNUAL FINANCIAL INFORMATION

Outstanding Student Loan Revenue Bonds

The following chart sets forth the outstanding Student Loan Revenue Bonds. The Corporation has no other outstanding borrowings other than as described below.

<u>Series Designation</u>	<u>Original Amount Outstanding</u>	<u>Amount Outstanding as of December 31, 2007</u>
Senior Series 2004-A-1	\$ 18,850,000	\$ 18,850,000
Senior Series 2004-A-2	57,550,000	57,550,000
Senior Series 2005-A-3	57,600,000	57,600,000
Senior Series 2004-A-4	57,600,000	57,600,000
Senior Series 2004-A-5	72,400,000	72,400,000
Senior Series 2004-A-6	75,000,000	75,000,000
Subordinate Series 2004B-1	11,000,000	11,000,000
Senior Series 2005-A-1	80,000,000	80,000,000
Senior Series 2005-A-2	45,000,000	45,000,000
Senior Series 2005-A-3	45,000,000	45,000,000
Senior Series 2005-A-4	70,000,000	70,000,000
Senior Series 2005-A-5	50,000,000	50,000,000
Senior Series 2005-A-6	40,000,000	40,000,000
Senior Series 2005-A-7	50,000,000	50,000,000
Subordinate Series 2005-B-1	20,000,000	20,000,000
Senior Series 2006A-1	28,175,000	28,175,000
Senior Series 2006A-2	42,825,000	42,825,000
Senior Series 2006A-3	100,000,000	100,000,000
Senior Series 2006A-4	60,000,000	60,000,000
Senior Series 2006A-5	90,000,000	90,000,000
Subordinate Series 2006B-1	29,000,000	29,000,000
Senior Series 2007A-1	42,925,000	42,925,000
Senior Series 2007A-2	37,075,000	37,075,000
Subordinate Series 2007B-1	20,000,000	20,000,000
Total	<u>\$ 1,200,000,000</u>	<u>\$ 1,200,000,000</u>

As of December 22, 2006, the Corporation entered into a Revolving Credit Facility Agreement with JP Morgan Chase Bank. The Corporation may receive advances from time to time up to the aggregate initial Commitment Amount of \$40,000,000. The Corporation may request a decrease or increase in the Commitment Amount not to exceed \$120,000,000. At December 31, 2007, there was \$120,000,000 outstanding under the Agreement.

The Corporation has from time to time issued its Insured Student Loan Revenue Bonds which, as of December 31, 2007, remained outstanding in the aggregate principal amount of \$91,600,000. The Corporation's Insured Student Loan Revenue Bonds are secured solely by a trust estate that is separate and apart from the trust estate created by this General Bond Resolution which secures the Corporation's Student Loan Revenue Bonds.

In addition, the Corporation has also issued other Student Loan Revenue Bonds which are secured solely by another trust estate that is separate and apart from the trust estate created by this General Bond Resolution. As of December 31, 2007, those additional Student Loan Revenue Bonds has an aggregate principal outstanding of \$855,650,000.

The Corporation's Present Portfolio of Student Loans Held Under the General Bond Resolution

The following are summaries, as of December 31, 2007, of all Student Loans held under the General Bond Resolution.

<u>Loan Type*</u>	<u>Outstanding Principal</u>	<u>Percent of Total</u>
Stafford and FISL	\$ 765,636,484	78%
PLUS and SLS	34,822,962	3%
Consolidation	183,677,392	19%
Total	<u>\$ 984,136,838</u>	<u>100%</u>

<u>Status*</u>		
Interim (includes loans in school and grace)	\$ 521,438,443	53%
Deferment	101,242,077	10%
Repayment	361,456,318	37%
Total	<u>\$ 984,136,838</u>	<u>100%</u>

<u>School Type*</u>		
Four-Year Public	\$ 320,243,741	32%
Four-Year Private	180,452,313	18%
Two-Year Public and Private	166,740,665	17%
Out-of-State Public and Private	47,412,773	5%
Proprietary	85,609,954	9%
Consolidation Loans (not classified by school type)	183,677,392	19%
Total	<u>\$ 984,136,838</u>	<u>100%</u>

As of December 31, 2007, of the total cash and investments held under the General Bond Resolution, \$134,447,140 was available to finance Student Loans.

*The Corporation has established certain allowances for losses on Student Loans which are reflected in its financial statements but not in the preceding summaries.

Kentucky Higher Education Assistance Authority Present Student Loan Guarantees

The following table summarizes the student loans guaranteed by the Authority (and reinsured by the Secretary) and the aggregate outstanding guarantee commitment for the periods indicated. The Coverage Ratio set forth below is determined by dividing funds available in the Loan Insurance Fund by the principal amount of the aggregate outstanding guarantee commitment.

<u>Fiscal Year Ended June 30</u>	<u>Annual Principal Amount of Loans Guaranteed</u>	<u>Aggregate Principal Guarantee Commitment</u>	<u>Coverage Ratio</u>	<u>Claims Rate*</u>
2003	787,554,900	2,602,904,617	.63%	2.28%
2004	960,906,210	2,908,356,000	.44%	1.68%
2005	1,197,075,689	3,338,746,000	.25%	2.18%
2006	1,382,055,617	3,619,085,511	.21%	2.33%
2006	1,338,171,232	3,931,562,000	.26%	2.84%

* At federal fiscal year ending September 30.

I. FINANCIAL STATEMENTS

Audited financial statements of the Corporation and of the Authority for the fiscal year ending June 30, 2007, respectively, are submitted herewith.